Economic Development

REPORT ON PLANS AND PRIORITIES 2008-2009

Estimates

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of Canada for the Regions of Quebec

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1 OVERVIEW

1.1 Message from the Minister

Over the past few years, competition from emerging nations, new environmental challenges, the transformation of the global economy, the appreciation of the Canadian dollar and higher energy prices have taken on such proportions that they require unprecedented effort from Quebec's enterprises and regions to adapt to this new reality.

In that context, since 2006, the Government of Canada has implemented numerous initiatives with a view to increasing the collective wealth and taking the country farther along the path to prosperity. Thus, with *Advantage Canada*, the government adopted a long-term economic and strategic plan aimed at delivering dynamic economic growth and better-paying jobs for Canadians. To achieve these goals, it is important to enhance the business environment and provide enterprises and regions with the means and tools for their development.

In fact, since I took on the duties of Minister of Labour and Minister of the Economic Development Agency of Canada for the Regions of Quebec, I have consulted a large number of economic stakeholders through the advisory committees we have set up in all of Quebec's regions. I have had many opportunities to see that enterprises and the regions constitute an endless source of knowhow, creativity and leadership.

It was to support these regions and enterprises that over the past 18 months I announced initiatives to diversify the economic base and reduce communities' dependency on traditional economic sectors, and to help enterprises improve their competitiveness on foreign markets. It is my intention to continue enhancing the tools that an Agency such as ours can deploy in order to meet the specific challenges of regions and communities with low economic growth, and to support the performance of innovative, competitive SMEs.

In its constant concern to adapt the parameters of its intervention to the needs and issues of the moment, and to institute management more closely based on results, the Agency introduced new programs in April 2007: Community Diversification, Business and Regional Growth, and Regional Development Research.

The Agency will also be changing the way in which it supports non-profit organizations. It will now be favouring ad hoc projects which generate measurable results for the regions of Quebec. This decision could also help free up funding for projects involving, among others, SMEs and community economic facilities.

I invite you to read this new edition of the *Report on Plans and Priorities*, in which you will see how the Agency counts on the boldness, ingenuity and drive of Quebec's enterprises and regions to meet some major challenges and build a strong economy for current and future generations, and how it plans to support them to that end.

Jean-Pierre Blackburn

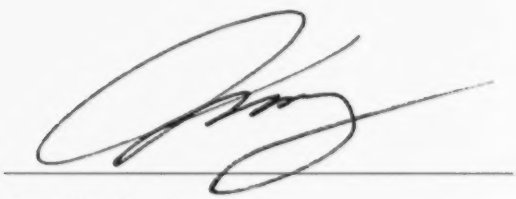
Minister of Labour and Minister of the
Economic Development Agency of Canada
for the Regions of Quebec

1.2 Management representation statement

I submit, for tabling in Parliament, the *2008-2009 Report on Plans and Priorities* of the Economic Development Agency of Canada for the Regions of Quebec.

This document has been prepared based on the reporting principles contained in the *Guide to the Preparation of Part III of the 2008-2009 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board of Canada Secretariat guidance.
- It is based on the Agency's strategic outcomes and program activities that were approved by the Treasury Board.
- It presents consistent, comprehensive, balanced, and reliable information.
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it.
- It reports finances based on approved planned spending numbers from the Treasury Board of Canada Secretariat.



Guy Mc Kenzie
Deputy Minister/President

Date: February 2, 2008

1.3 Summary information

Raison d'être

Object

The object of the Agency is to promote the long-term economic development of the regions of Quebec by giving special attention to those where slow economic growth is prevalent or where opportunities for productive employment are inadequate. In carrying out its object, the Agency shall take such measures as will promote cooperation and complementarity with Quebec and communities in Quebec.

Vision

In the long term, Quebec's regions and communities will have increased their development capabilities, dynamism and prosperity in a significant, lasting manner for the benefit of their residents.

Three long-term strategic outcomes

Vitality of communities

Revitalize communities so they enjoy better socio-economic prospects and maintain and develop the economic activity base.

Competitiveness of small- and medium-sized enterprises (SMEs) and regions

Reinforce conditions conducive to sustainable growth and the competitive positioning of SMEs and the regions through the development of SMEs' capabilities, networks, innovation and knowledge.

Policy, representation and cooperation

Foster the development and implementation of policies, programs and initiatives which reflect national priorities and the realities of Quebec's regions, reinforcement of the coherence and added value of federal action with respect to regional development, and cooperation with the Government of Quebec and other development agents.

To contribute to the Government of Canada's results

By fostering strong economic growth.

By focussing on four departmental priorities

Program priorities	
Priority #1:	
• **Continue the economic diversification of regions and communities posting slow economic growth.**	already established
Priority #2:	
• **Reinforce the performance of innovative, competitive SMEs in key sectors.**	
Management priorities	
Priority #3:	
• **Implement the Departmental Action Plan with regard to the report of the Independent Blue Ribbon Panel on effective program delivery.**	new
Priority #4:	
• **Continue improving management of expenditures, results and risk.**	already established

Through an integrated regional development approach

- ***Global:*** take economic, social, cultural and environmental dimensions into account in the design of policies, programs and initiatives.
- ***Territorial:*** establish strategies geared to the type of area defined in terms of similar socio-economic issues.
- ***Horizontal:*** build on cooperation and collaboration with federal partners, the Government of Quebec and Quebec communities.
- ***Participatory:*** elicit participation by the economic agents concerned.

In relation to ...

- primarily enterprises (particularly SMEs)
- non-profit organizations (NPOs).

By building on its 14 business offices.

By eliciting and supporting development

- through the provision of guidance and advice services
- through the drafting of analyses of issues, forward-looking studies, referrals and information
- through the offer of financial assistance programs.

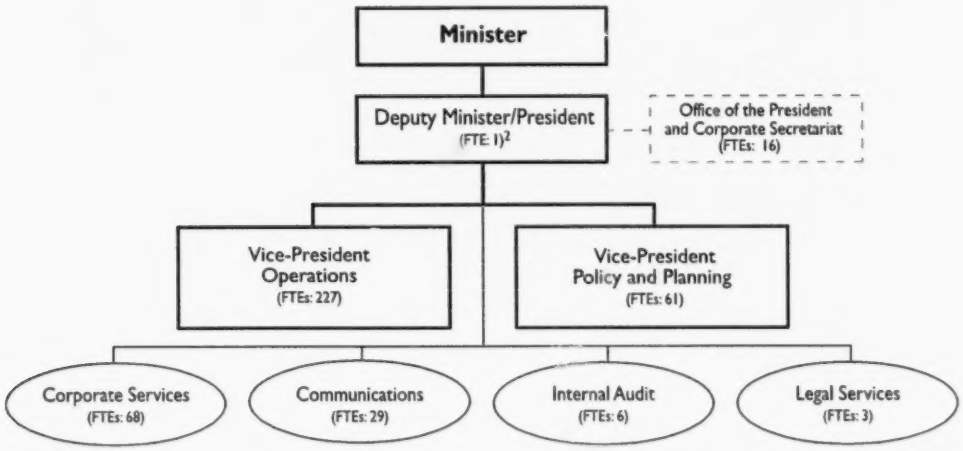
By using its financial and human resources

	2008-2009	2009-2010	2010-2011
Financial resources *(in thousands of dollars)*	*287,387*	*234,776*	*218,112*
Human resources *(full-time equivalent – FTE)*	411	405	371

1.4 Organizational information

1.4.1 Governance structure

Economic Development Agency of Canada for the Regions of Quebec
– Organization chart[1] –



Notes:

1 A more detailed organization chart is available on the Agency's Web site at: www.dec-ced.gc.ca/asp/APropos/Organigramme.asp?LANG=EN

2 FTE: Full-time equivalent.

The President of the Agency acts as the deputy of the Minister. He has primary accountability for the Agency's three strategic outcomes. More specifically, the Vice-President, Operations has primary responsibility for the first and second strategic outcomes, *Vitality of communities* and *Competitiveness of small- and medium-sized enterprises (SMEs) and regions*. The Vice-President, Policy and Planning is responsible for guiding and providing a framework for Agency intervention for these first two strategic outcomes, and has primary responsibility for the third strategic outcome, *Policy, representation and cooperation*.

1.4.2 Votes and statutory items listed in Main Estimates

The following table reproduces the data in the *2008-2009 Main Estimates* as tabled in Parliament. Parliament approves the votes each year, and the statutory items are presented for information only.

Vote or statutory item	Truncated vote or statutory wording	Main Estimates[1] *(in thousands of dollars)* 2008-2009	2007-2008
1	Operating expenditures[2]	*44,104*	*42,357*
5	Grants and contributions	*237,959*	*346,842*
(S)	Contributions to employee benefit plans	*5,324*	*5,501*
	Total for the Agency	*287,387*	*394,700*

Notes:

1 The *2008-2009 Main Estimates* of $287.4 million are $107.3 million lower than the *2007-2008 Main Estimates*. This net difference is primarily due to a decrease in the amounts allocated for the Infrastructure Program and the Québec Port Authority.

2 The increase in operating expenditures is primarily attributable to the funding of Canada Business; in 2007-2008, the funds were received through Supplementary Estimates, so they were not included in the Main Estimates.

1.4.3 Departmental planned spending and full-time equivalents

The following table presents data from the Main Estimates by area of Agency intervention (program activity architecture) and specific adjustments made in the Main Estimates.

(in thousands of dollars)	Forecast spending 2007-2008	**Planned spending 2008-2009**	Planned spending 2009-2010	Planned spending 2010-2011
Program activities				
Development of communities	*162,859*	*128,550*	*108,633*	*101,709*
Infrastructure	*100,101*	*27,050*	*2,195*	*1,409*
Special intervention measures	*8,078*			
Competitiveness of enterprises (SMEs)	*72,577*	*80,116*	*71,586*	*65,044*
Competitive positioning of regions	*44,497*	*44,790*	*45,481*	*43,142*
Policies, programs and initiatives	*6,588*	*6,881*	*6,881*	*6,808*
Total Main Estimates[1]	*394,700*	*287,387*	*234,776*	*218,112*
Adjustments:				
Supplementary Estimates				
Reinvestment of revenues from repayable contributions to increase economic development activities	*4,000*	—	—	—
Funding to provide information services on government regulations, programs and business support to small businesses and entrepreneurs	*1,820*	—	—	—
Funding in support of the *Federal Accountability Act* to evaluate all ongoing grant and contribution programs every five years	*181*	—	—	—
Transfer from Natural Resources Canada to support the Chrysotile Institute with a view to fostering the safe, responsible use of chrysotile internationally	*125*	—	—	—
Funding for the Canada Strategic Infrastructure Fund relating to investments in public infrastructure projects designed to improve the quality of life in both urban and rural communities	*80*	—	—	—
Transfer to the Canada Public Service Agency to support the National Managers' Community	*(4)*	—	—	—

Continued on page 9

(in thousands of dollars)	Forecast spending 2007-2008	**Planned spending 2008-2009**	Planned spending 2009-2010	Planned spending 2010-2011
Supplementary Estimates (continued)				
Transfer to Parks Canada to support the heritage presentation of the Petite île au Marteau and Île aux Perroquets lighthouses in the Mingan Archipelago National Park Reserve of Canada	*(345)*	—	—	—
Transfer to Canadian Heritage to support the expansion and the modernization of the *Musée de la Gaspésie*	*(800)*	—	—	—
Other adjustments				
Treasury Board Vote 10 – Internal Audit Policy	*160*	—	—	—
Treasury Board Vote 15 – Salary adjustments	*195*	—	—	—
Treasury Board Vote 22 – Operating budget carry forward	*2,235*	—	—	—
Employee benefit plan (EBP)	*160*	—	—	—
Deferral to subsequent years	*(5,050)*	—	—	—
Total adjustments	*2,757*	*0*	*0*	*0*
Net planned spending	*397,457*	*287,387*	*234,776*	*218,112*
Less: Non-respendable revenue[2]	*(44,900)*	*(43,500)*	*(43,500)*	*(47,200)*
Plus: Cost of services received without charge	*5,320*	*5,268*	*5,197*	*5,098*
Total expenditures for the Agency	*357,877*	*249,155*	*196,473*	*176,010*
Full-time equivalent[3]	409	**411**	405	371

Notes:

1 The *2008-2009 Main Estimates* of $287.4 million are $107.3 million lower than the *2007-2008 Main Estimates*. This net difference is primarily due to a decrease in the amounts allocated for the Infrastructure Program and the Québec Port Authority.

2 This refers to reimbursements of repayable contributions to be billed to promoters in future years.

3 The substantial decrease in FTEs in 2010-2011 is largely attributable to the termination of temporary funding.

1.4.4 Agency areas of intervention: Program activities by strategic outcome

The following table presents the Agency's overall intervention and outcomes on the basis of its program activity architecture (PAA), and shows the link with its priorities.

Program activities[1]	Expected end results	Planned spending *(in thousands of dollars)* 2008-2009	2009-2010	2010-2011	FTE 2008-2009	Associated priority
Strategic outcome #1: ***Vitality of communities***						
Development of communities	▪ Development initiatives and projects generate socio-economic spinoffs within communities. ▪ Communities benefit from enterprises that generate jobs and wealth, thus leading to diversification of the economic fabric. ▪ Communities are attractive, tangibly drawing and retaining tourists and skilled individuals.	*128,550*	*108,633*	*101,709*	183	**Priority #1**
Infrastructure	▪ Rural and urban communities have quality public infrastructure.	*27,050*	*2,195*	*1,409*	22	
Special intervention measures[2]		—	—	—	—	
Total		*155,600*	*110,828*	*103,118*	205	
Strategic outcome #2: ***Competitiveness of small- and medium-sized enterprises (SMEs) and regions***						
Competitiveness of enterprises (SMEs)	▪ Enterprises are high-performance and competitive.	*80,116*	*71,586*	*65,044*	103	**Priority #2**
Competitive positioning of regions	▪ Competitive regions and poles contribute to enhancing Canada's competitive positioning.	*44,790*	*45,481*	*43,142*	54	
Total		*124,906*	*117,067*	*108,186*	157	

Continued on page 11

Program activities	Expected end results	Planned spending (in thousands of dollars) 2008-2009	2009-2010	2010-2011	FTE 2008-2009	Associated priority
Strategic outcome #3: *Policy, representation and cooperation*						
Policies, programs and initiatives	Quebec communities and regions benefit from adapted, coherent and effective federal action that generates socio-economic spinoffs, and Quebec communities and regions can grasp business and development opportunities.	*6,881*	*6,881*	*6,808*	49	
Total		*6,881*	*6,881*	*6,808*	49	
GRAND TOTAL		*287,387*	*234,776*	*218,112*	411	

Notes:

1 For further information on program activities, resources and planned outcomes, see section 3.

2 The program activity *Special intervention measures* enables the Agency to come to the assistance of communities and regions facing significant economic shocks or natural disasters. This activity is funded through Government of Canada supplementary funding. Currently, the Agency has no dedicated funds available.

2 AGENCY PRIORITIES AND PLANS

The goal of this section is to present priorities and associated plans for 2008-2011. Priorities represent the most important areas on which the Agency has chosen to focus for 2008-2009 in order to respond more closely to government priorities, meet the regions' socio-economic challenges and ensure more effective management of the organization. Other intervention not related to priorities comprises the Agency's routine activities.

The Agency's overall intervention is covered in section 3, which presents total planned expenditures by program activity.

2.1 Context of Agency intervention

The following section presents a brief profile of the environment in which the Agency operates, and the main risk factors that influence its intervention.

2.1.1 Institutional context: Government priorities

The Government of Canada recently shared its vision with Canadians in the Speech from the Throne: *Strong Leadership. A Better Canada.* Building on its successes, the government has set itself five priorities, two of which particularly concern the Agency:

- Provide effective economic leadership: with *Advantage Canada*, the government has laid out a long-term economic plan to secure better-paying jobs for Canadians and solid economic growth. The next steps in that plan are aimed at ensuring that Canada has a modern infrastructure, an innovative and entrepreneurial business environment, and a tax system that rewards hard work—all based on a foundation of sound fiscal management. The government also aims to facilitate Canadian enterprises' access to foreign markets, where they will be able to compete with the best in the world.

- Strengthen the Federation and its democratic institutions: notably through the celebration of the 400th anniversary of the founding of Québec and support for linguistic duality through a new Action Plan for Official Languages.

The Speech from the Throne also underscored the government's desire to stand up for Canada's traditional industries and its awareness of the challenges facing such key sectors as forestry, fisheries, manufacturing and tourism. The government intends to continue its action to support workers as these industries adjust to global conditions. To that end, it announced a Community Development Trust in January 2008.

2.1.2 Socio-economic context

Overall, the Quebec economy is in good shape. Growth was strong over the past few years. However in 2008, the Quebec economy will be affected by the economic slowdown in the United States, and will continue to feel the impact of the higher Canadian dollar. This should reduce Gross Domestic Product growth, even if domestic demand (consumer spending) continues to support growth.

The labour market is doing relatively well. Employment growth in 2007 was reflected in the unemployment rate (7.2%), which posted a 30-year low. This increase in employment was seen in almost all regions of Quebec, with employment growth in the services sector offsetting losses in manufacturing. On the other hand, the economic slowdown should translate into weaker job growth in 2008.

The manufacturing sector is greatly affected by the higher Canadian dollar and is undergoing changes generated by competition from emerging nations. The sector lost 68,000 jobs between 2002 and 2006. This slowdown was accentuated in 2007, with the loss of 38,000 jobs. Wood products, paper and transportation equipment sectors were especially hard hit. The decline in the manufacturing sector particularly affects Montréal and the central regions. The difficulties experienced by the sector since 2002 will likely continue in the months to come, as the dollar remains high and the transformation of the sector continues.

Other sectors are also undergoing adjustment. On the primary sector front, the economic context in which the forestry industry operates has deteriorated over the past two years, leading to numerous job losses. The industry is suffering from the negative effects of the softwood lumber dispute with the United States, the high cost of fibre supply, higher energy prices and the adjustment required in the wake of the 20% reduction in stumpage dues. The crisis in the forestry industry particularly affects outlying regions. In fact, many communities are vulnerable to this, as their economic base is undiversified. Dependence on a single resource combined with, among other things, the distance to market requires economic diversification to secure the development of these devitalized regions.

On the other hand, the services sector continues to post solid growth. Wholesale trade, accommodation and food services, information, cultural industries and recreation gained thousands of jobs in 2007. Services, which have seen substantial growth in recent years, will continue to expand, to the benefit of all regions. In the major urban centres of Québec and Gatineau, public administration provides considerable stability, while Montréal has very dynamic service industries.

The Quebec economy continues to be transformed through sectoral adjustments, and this transformation must lead it to higher productivity. Indeed, Quebec's productivity is lower than overall Canadian productivity, and than the productivity of Ontario and the majority of Organisation for Economic Co-operation and Development (OECD) countries. Closing the productivity gap requires increased investment. In that regard, the high value of the Canadian dollar, which lowers the price of machinery and equipment, is conducive to investment in new equipment. An economic slowdown could, however, put the brakes on this modernization by enterprises. Innovation also helps enhance enterprises' productivity. While they are active in research and development (R&D), Quebec enterprises—especially small- and medium-sized enterprises (SMEs)—have difficulty commercializing their innovations.

2.1.3 Organizational context

Program context

In a concern for continuous improvement in procedures, the Minister of the Agency consulted chief development agents in all regions of Quebec, through 14 advisory committees (one per business office), to find out the needs with respect to regional economic development.

The Minister also introduced a new guideline on the funding of non-profit organizations. The Agency will continue to work with NPOs in the context of ad hoc, time-limited projects that generate measurable results for the economy of Quebec's regions. For key organizations operating in priority niches, a transition period will enable them to find other funding sources for their basic operations. The Agency will continue to fund regional tourism associations and regional export promotion organizations. Under this measure, it continues to support NPOs' projects while being able to free up monies for enhanced funding of projects involving, among others, SMEs and community economic facilities.

Management context

Within the framework of Public Service Renewal, the Agency undertook a series of steps during the past year to help it contribute fully to that initiative. It took part in large-scale departmental and interdepartmental recruitment and in promotion of career opportunities within universities; it ensured that the majority of its employees have a learning plan and that the competencies of delegated managers are updated; it also conducted human resources planning fully integrated with its business planning. These efforts will be continued in the coming years, in order to attract and maintain a representative, highly professional work force whose competencies match the organization's evolving needs.

In order to implement the *Federal Accountability Act* successfully, the Agency has already undertaken a series of significant steps to enable it to meet the new requirements, such as the establishment of the internal audit committee, introduction of its management capability improvement plan based on the *Management Accountability Framework* (MAF) evaluation and drafting of the action plan in response to the main recommendations of the Independent Blue Ribbon Panel on effective program delivery.

Also pursuing the government's priority with respect to the enhancement of expenditure and result management, the Agency made substantial progress in that area over the past year. For instance, it:

- renewed its programs, which came into effect in April 2007, in line with a results-based approach
- established a common set of results and performance indicators to report on its performance, measure the results of assisted enterprises' projects and evaluate the impact of its programs

- trained business office advisors on results-based management (RBM)
- conducted an analysis of its effectiveness and efficiency and reviewed its governance structure
- identified its main corporate risks and adjusted its control levels accordingly
- optimized the allocation and use of its resources by setting up an activity-based costing system for delivery of its programs.

It is against this backdrop that business plans, management charts and managers' performance agreements will over the next few years be placing greater emphasis on results. Upcoming departmental performance reports will seek to explain not only what the Agency does with taxpayers' money, but also the results generated by its action. All these improvements will enable the Agency to analyse its spending and performance, and to realign and reallocate its resources on an ongoing basis toward higher-performance activities that are more important for Canadians.

2.2 Priorities and plans

The Agency plans its priorities and resources on the basis of departmental results and in response to new government priorities and new regional development challenges. The Agency has chosen to modify how it establishes the investment targets associated with priorities. Thus, starting in 2008-2009, these targets will be determined on the basis of new projects approved during that year, rather than of all projects active during the year (as that includes a large number of projects approved during previous years that were evaluated on the basis of different planned results). This will help ensure closer alignment between strategic intentions, the intervention selected to implement them, and the results obtained.

For the upcoming year, the Agency has selected four priorities: two program priorities, and two management priorities. Since economic development is a long-term process and the challenges with respect to which the Agency acts evolve slowly, the Agency's 2008-2009 program priorities are in line with those presented in last year's Report on Plans and Priorities (RPP). Indeed, the Agency will pursue the economic diversification of regions and communities posting slow economic growth and reinforce the performance of innovative, competitive SMEs in key sectors. The Agency intends to devote for the first priority some 50–55% of new commitments approved during 2008-2009 in the targeted regions and communities, while for the second priority the investment goal is approximately 30–35% of all new commitments approved during 2008-2009.

The management priorities will enable the Agency to improve its procedures on an ongoing basis so as to increase its effectiveness and efficiency. They will translate into implementation of an action plan taking into account the government's response to the report of the Independent Blue Ribbon Panel on effective delivery of grant and contribution programs and continuation of the improvement of expenditure, result and risk management.

SUMMARY OF AGENCY PRIORITIES AND PLANS

PROGRAM PRIORITIES

Priority #1:

Continue the economic diversification of regions and communities posting slow economic growth.

Key elements of the implementation plan:

- Community Economic Diversification Initiative – Vitality (CEDI-Vitality)
- Community Economic Facilities for the Regions support measure.

Expected outcomes: planned results under the *Development of communities* program activity (see subsection 3.1.1).

Investment target: 50–55% of new commitments approved during 2008-2009 for the regions and communities concerned.

Priority #2:

Reinforce the performance of innovative, competitive SMEs in key sectors.

Key elements of the implementation plan:

- market development
- enhancement of enterprises' strategic capability (innovation management, value chain management, pre-startup and startup of innovative enterprises).

Expected outcomes: planned results under the *Competitiveness of enterprises (SMEs)* program activity (see subsection 3.2.1).

Investment target: 30–35% of new commitments approved during 2008-2009.

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MANAGEMENT PRIORITIES

Priority #3:

Implement the Departmental Action Plan with regard to the report of the Independent Blue Ribbon Panel on effective program delivery.

Key elements of the implementation plan:

- renewing the Agency's Web site to provide information which corresponds more completely and clearly to applicant needs
- improving audit and file monitoring procedures in order to improve its operating efficiency, and reduce administrative burden upon applicants and recipients while enhancing the Agency's ability to manage by results and improve risk-based management
- restructuring internal operating procedures so as to reduce processing time for applications while publishing new service standards to reflect these changes.

Expected outcomes: improve its operating efficiency by reducing processing time for applications and improve service standards by reducing administrative burden upon applicants.

Priority #4:

Continue improving management of expenditures, results and risk.

Key elements of the implementation plan:

- reinforcement of mechanisms with respect to expenditure, result and risk management
- acquisition of quality, timely information on expenditures and results
- integration of information on costs and results in decision-making
- increased follow-up of files
- training, in-house communication plan and change management plan.

Expected outcomes: increase in the organization's overall performance and reinforcement of the capacity to realign and reallocate resources on an ongoing basis toward higher-performance activities that are more important for Canadians.

2.2.1 Program priorities

The Agency's program priorities could be adjusted during the course of the year to ensure their complementarity with initiatives arising from the new federal Community Development Trust that will target vulnerable communities, among other things.

Priority #1: Continue the economic diversification of regions and communities posting slow economic growth

As its first priority, the Agency wishes to pursue the economic diversification of regions and communities posting slow economic growth. It intends to contribute to supporting economic activity in these regions, namely, the seven devitalized regions (Abitibi-Témiscamingue, Bas-Saint-Laurent, Côte-Nord, Gaspésie–Îles-de-la-Madeleine, Mauricie, Nord-du-Québec and Saguenay–Lac-Saint-Jean) and 21 regional county municipalities (RCMs) whose economic vitality is low. The Agency will pay special attention to communities that depend on traditional economic sectors, in particular manufacturing. Certain parts of these regions and RCMs are far from the major North American consumer markets. They show little economic diversification, and this makes them vulnerable when demand for their main products flags, and they have to increasingly adjust to the tightening of rules governing the harvesting of their natural resources (e.g. reduced stumpage dues).

The Agency intends to support and foster the completion of projects likely to respond to the issues specific to those communities in order to mitigate socio-economic adjustment difficulties, renew the entrepreneurial base and facilitate economic diversification by building on their specific assets and potential on the industrial, tourism, cultural or knowledge fronts. The Agency intends to implement the following plan:

- Community Economic Diversification Initiative – Vitality (CEDI-Vitality)
- Community Economic Facilities for the Regions support measure.

Other initiatives may be designed and implemented during the course of the year to respond proactively to the specific issues of regions and communities posting slow economic growth.

Through this priority, the Agency is intensifying its efforts toward achieving the outcomes of the *Development of communities* program activity.

Community Economic Diversification Initiative – Vitality (CEDI-Vitality)

There are substantial economic disparities among the regions of Quebec. The prosperity of some communities still often depends on the health of a single industry, or even a single enterprise. Moreover, it often relies on the harvesting and processing of natural resources. These communities have a greater need of support for diversification of their economic fabric.

The Agency is continuing the initiative announced in Fall 2006, Community Economic Diversification Initiative – Vitality (CEDI-Vitality), which targets the economic diversification of communities facing adjustment challenges and posting a low vitality index. This initiative will thus contribute to diversifying the economic base and reducing the dependency of communities whose economy is based on a single industry or sector or on the harvesting of natural resources; it also aims to create sustainable employment.

Community Economic Facilities for the Regions support measure

A region's ability to attract investment and new enterprises is influenced by the presence of certain assets, including adequate community economic facilities, such as an industrial park, ferry wharf, section of railway line or telecommunications network. This is an important factor in the development of regions that affects the maintenance and reinforcement of their industrial activity. But Quebec's regions and communities experiencing slow economic growth suffer particularly from insufficient or obsolete facilities. For that reason, the Agency established in Fall 2006 a two-year pilot measure to support the construction and upgrading of community economic facilities.

This measure will enable the assisted regions and communities to benefit from community economic facilities that contribute directly to the reinforcement of their economic activity and even facilitate economic diversification. The projects receiving assistance will have to support reinforcement of the economic base directly, generate direct, measurable, short- or medium-term economic spinoffs, create a significant number of sustainable jobs, facilitate access to the main markets outside the region and enable a region or community to acquire lasting competitive advantages. The success of the measure will be gauged in particular by the creation and development of enterprises, the maintenance and creation of sustainable employment and the increase in trade.

Priority #2: Reinforce the performance of innovative, competitive SMEs in key sectors

As its second priority, the Agency wishes to reinforce the performance of innovative, competitive SMEs in key sectors, and it is targeting improved international competitiveness of these SMEs. The sectors it is promoting are, notably: (1) aerospace, life sciences, nanotechnology, biofood, and environmental, information and communications technologies for Greater Montréal; (2) optics-photonics, health and nutrition, medical equipment and computer technology for the major urban centres (Québec and Gatineau); (3) biotechnology, metallurgy, forestry and agrifood for the central areas; and (4) aluminum, bioresources, renewal energy, forestry and mining for the outlying areas.

To realize this priority, the Agency intends to implement the following plan:

- market development
- enhancement of enterprises' strategic capability (innovation management, value chain management, pre-startup and startup of innovative enterprises).

Other initiatives could be developed and implemented during the course of the year to support the performance of innovative, competitive SMEs in key sectors.

Through this priority, the Agency is intensifying its efforts toward achieving the outcomes of the *Competitiveness of enterprises (SMEs)* program activity.

Market development

Market globalization has generated new business opportunities. But it has also intensified competition, and this represents some sizeable challenges for enterprises which have to carve themselves out a place on emerging markets. The Agency has decided to intensify its assistance for increasing SMEs' export capability. To that end, it will continue, in particular, to implement the Partnering with enterprises for commercialization measure announced in Fall 2006 and will upgrade it to reflect the lessons learned in 2007-2008. In fact, the difficulties associated with innovative, international exporting enterprises' business activities are among the main obstacles to their development. SMEs' competitiveness in the face of emerging markets largely depends on their ability to stand out on international markets, and the challenge of commercialization is particularly great for most Quebec SMEs.

In this context, SMEs have to have access to resources to gather and evaluate the information they need, develop strategies toward international markets and market their products and services.

In concrete terms, this measure is already enabling Quebec enterprises or groups of enterprises to finance up to 50% of the salary of export specialists. It therefore makes it possible to provide enterprises with new strategic capability with respect to commercialization abroad and improve their competitiveness of foreign markets. This is in addition to the support already provided by the Agency to stimulate SMEs' innovation capability, support the commercialization of their products and services and increase their productivity. The spinoffs will include an increase in the value of exports and the number of new exporters.

Enhancement of enterprises' strategic capability

In an environment characterized by globalization and fierce competition, enterprises' competitiveness depends on their ability to innovate in terms of products and processes and on their ability to integrate with major networks of distributors or manufacturers. In fact, enterprises have to enhance their strategic capability in order to take advantage of the opportunities afforded by emerging markets and to meet the competition.

This is the perspective in which the Agency intends to foster the enhancement of enterprises' strategic capability: innovation management, value chain management, and pre-startup and startup of innovative enterprises. To that end, the Agency intends to support access to competencies, implementation of targeted development activities and implementation of advanced management systems and methods.

With respect to innovation management, the Agency wishes to give priority to both management capability as such (e.g. introducing and managing a planning system) and technical capability (e.g. staff's command of technology).

For value chain management, the Agency intends to pay special attention to the integration of globalized value chains, that is, implementation of projects that will enable innovative subcontracting firms to meet major manufacturers' new requirements (in terms of processes, logistics, production information management, etc.), and to redeployment of the value chain so as to optimize performance and productivity.

With respect to pre-startup and startup of innovative enterprises, the Agency intends to support the establishment and first phases of expansion of enterprises deemed innovative and strategic for a region's development as well as the expansion and modernization of means of production. Innovative enterprises in startup phase are those engaged in a significant process of product, procedure or technology development during their startup phase.

2.2.2 Management priorities

Priority #3: Implement the Departmental Action Plan with regard to the report of the Independent Blue Ribbon Panel on effective program delivery

The Independent Blue Ribbon Panel report of December 2006 sets out a series of recommendations to improve the delivery of grants and contributions. These recommendations deal with increasing the transparency of the grants and contributions administration process, reducing processing times, reducing administrative burden on applicants and recipients, standardizing procedures across departments and improving inter-departmental coordination and collaboration. The Agency is directly affected by the issues raised in the report and is actively involved in responding to the report's recommendations. Indeed, the Agency has been identified as one of the vanguard departments which are called upon to spearhead the Government of Canada's response to the report.

The Agency's involvement takes several forms. It participates in the Technical Working Group developing specific measures in response to the report, as well as in the steering committees at the Assistant Deputy Minister and Deputy Minister levels. As such, it takes part in a number of the *Pathfinder Projects*, which involve multiple departments working together to develop joint solutions to several of the issues raised in the report. The Agency provides feedback and suggestions with regard to policy changes which are being developed by Treasury Board. Finally, it has developed a Departmental Action Plan which aims to implement within the Agency the various recommendations of the report which can be undertaken on an independent basis.

The Departmental Action Plan is being implemented over a period of twelve to twenty-four months. The major elements of the plan include:

- renewing the Agency's Web site to provide information which corresponds more completely and clearly to applicant needs
- improving audit and file monitoring procedures so as to improve its operating efficiency, and reduce administrative burden upon applicants and recipients while enhancing the Agency's ability to manage by results and improve risk-based management
- restructuring internal operating procedures so as to reduce processing time for applications while publishing new service standards to reflect these changes.

Taken together, these measures will enable the Agency to respond to the major issues raised in the report while providing significant benefits to the Agency in terms of its enhanced operating efficiencies. Implementation of these measures will require the significant involvement of virtually every sector of the Agency, including Operations, Corporate Services, Communications, Policy and Programs, and Legal Services.

Priority #4: Continue improving management of expenditures, results and risk

Federal departments have to implement simultaneously several government-wide initiatives associated with enhancement of expenditure and result management, such as the *Management Accountability Framework*, the *Management, Resources and Results Structure*, new evaluation and audit policies, the in-depth strategic review of spending every four years, and so on. The Agency's commitment to this government agenda for change will translate into the progressive, integrated implementation of all these initiatives over a three-year period, based on an in-house communication plan and a change management plan.

Realistically, the Agency therefore intends to continue improving expenditure, result and risk management in three phases:

- Phase I: reinforcement of mechanisms with respect to expenditure, result and risk management
- Phase II: acquisition of quality, timely information on expenditures and results
- Phase III: integration of information on costs and results in decision-making.

7-2008	2008-2009	2009-2010	2010-2011
Phase I **Reinforcement of mechanisms** →	**Phase II** **Reliable information** →	**Phase III** **Integration with decision-making** →	**Performance optimization**
▪ strategic directions, activity architecture, new programs and activity-based cost management model ▪ series of common performance indicators and profile of corporate risk ▪ risk-based evaluation and audit plans; integrated business and human resources plans; and management capability enhancement (MAF) ▪ governance in line with the Agency's programs and reflecting risk.	▪ reliable performance information gathering, monitoring and analysis tools (e.g. management charts) ▪ quality control to obtain reliable data sources ▪ extended activity-based cost management ▪ establishment of experimental targets in business plans.	▪ establishment of targets in the Report on Plans and Priorities ▪ integration of performance information in performance agreements ▪ ongoing measurement and evaluation of corporate costs and performance ▪ resource realignment and reallocation decisions.	Expenditures allocated so as to yield the best results for Canadians. Evaluation of the impact of the Agency's programs and recommendations for optimization in the context of their renewal.
Adjustment of processes and systems			
Adaptation of employee competencies and knowledge			
Communication and change management			

Phase I – Reinforcement of mechanisms with respect to expenditure, result and risk management

This phase initiated in 2007-2008 is aimed essentially at reviewing the Agency's strategic directions and program activity architecture; clarifying results and performance indicators; reviewing resource allocation models; identifying corporate risk; evaluating management capability in line with the MAF; and adjusting governance structure. This phase is also aimed at starting the integration of these elements in planning (e.g. business plans and yearly audit and evaluation plans).

Phase II – Acquisition of quality, timely information on expenditures and results

This second phase beginning in 2008-2009 is aimed first of all at improving the quality of cost and performance information. The Agency will ensure that quality control mechanisms are appropriate and efficient. It will broaden its data collection modes and methods, both to improve control of operating costs and to be able to measure results in the long term. Finally, this phase is also marked by experimentation with result and investment targets. New tools (e.g. management charts) will be developed to support the organization in learning how to carry out performance measurement and monitoring.

By relying on better information and acquiring appropriate tools, the Agency will monitor its performance more rigorously, and this will enhance its expenditure review capability.

Phase III – Integration of information on costs and results in decision-making

The 2009-2010 planning cycle should be based on improved expenditure, performance and risk analyses. It will be characterized by the establishment of realistic, firmer performance targets (which will be identified in the Agency's next Report on Plans and Priorities). It will then be possible to link these results with managers' performance agreements. Greater control and regular review of operating costs and results will enable the Agency to make enlightened investment and resource allocation decisions. Program renewal (scheduled in 2011-2012) will require a specific evaluation of the Agency's impact on Quebec SMEs and regions. Phase III will therefore be the start of preparations for the re-examination of the strategic directions, which could potentially lead to changes in certain aspects of the programs.

Training, in-house communications and change management

This departmental program for change comprises more than 50 initiatives altogether. Implementation of some of them requires changes to tools and work processes. Adapted procedures manuals and appropriate training will support the advisors' and analysts' work. To keep employees current on changes, and above all to maintain a high level of commitment from the entire organization, regular communications will continue to be produced. Finally, coordination and execution of all the work in progress will continue to be ensured by a departmental steering committee made up of members of senior management.

3 ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

This section presents the Agency's overall intervention on the basis of its program activity architecture (PAA).

The PAA is the basic structure which enables the Agency to allocate its resources to its different programs and activities, then to manage them in order to obtain the targeted outcomes.

To be in a position to meet the current and future challenges of Quebec's regions, the Agency has set up a PAA, whereby it will be able to fulfil its object and mandate on the basis of its strategic outcomes. The Agency intervenes with respect to three strategic outcomes:

- *Vitality of communities*
- *Competitiveness of small- and medium-sized enterprises (SMEs) and regions*
- *Policy, representation and cooperation.*

The guideline described in subsection *Organizational context* (see 2.1.3) could mean that, in some cases, depending on NPOs' ad hoc projects that will be supported or those which may eventually be funded when monies are freed up, results could be harder to attain, while other projects may benefit.

3.1 Strategic outcome #1: *Vitality of communities*

A community's vitality depends on its ability to develop, grow and thrive by building on its own assets. It is associated with improving Canadians' quality of life. It enables Quebec communities to be dynamic so as to enjoy better socio-economic prospects and maintain and develop their economic activity base.

	Grants and contributions			Operations (in thousands of dollars)			Totals – Planned spending			FTE
Program activity architecture	2008-2009	2009-2010	2010-2011	2008-2009	2009-2010	2010-2011	2008-2009	2009-2010	2010-2011	2008-2009
Strategic outcome #1: *Vitality of communities*										
Development of communities	*106,532*	*86,866*	*81,267*	*22,018*	*21,767*	*20,442*	*128,550*	*108,633*	*101,709*	183
Infrastructure	*24,448*	—	—	*2,602*	*2,195*	*1,409*	*27,050*	*2,195*	*1,409*	22
Special intervention measures	—	—	—	—	—	—	—	—	—	—
Total	*130,980*	*86,866*	*81,267*	*24,620*	*23,962*	*21,851*	*155,600*	*110,828*	*103,118*	205

Three program activities support this strategic outcome:

- *Development of communities*: developing a community with regard to its capabilities in terms of socio-economic adjustment, support for emergence of new entrepreneurs and creation of small enterprises, attraction of tourists and retention of skilled individuals.
- *Infrastructure:* renewing and building quality public infrastructure in Quebec's rural and urban communities.
- *Special intervention measures:* supporting communities facing major economic shocks.

3.1.1 Program activity: *Development of communities*

This program activity enables Quebec's regions and communities to maintain and develop their economic activity base. The Agency pursues three objectives under this program activity in order to achieve tangible, measurable results:

- Community mobilization (social capital): fostering community capacity-building to ensure communities are better equipped to take charge of their own development.
- Development of the local milieu: encouraging entrepreneurship and increasing the number of sustainable enterprises created.
- Attractive milieus: increasing communities' drawing power to help them attract and retain tourists and skilled work force.

GRANT AND CONTRIBUTION PROGRAMS

Program activity architecture	Grants and contributions (in thousands of dollars) 2008-2009	2009-2010	2010-2011	Operations[1] 2008-2009	2009-2010	2010-2011	FTE 2008-2009
Strategic outcome #1: *Vitality of communities* Program activity: *Development of communities*							
Community Diversification program	***64,782***	*54,466*	*52,086*	—	—	—	—
Community Futures Program	***32,000***	*32,400*	*29,181*	—	—	—	—
Grant – 400th anniversary of Québec	***9,750***	—	—	—	—	—	—
Total	***106,532***	*86,866*	*81,267*	***22,018***	*21,767*	*20,442*	**183**

Note:

1 Since operating expenditures originate from several sources, they are not broken down by programs.

Strategic outcome #1: *Vitality of communities*
Program activity: *Development of communities*
— Planned immediate outcomes —

Community mobilization (social capital)

- Development stakeholders work together on development issues specific to their communities.
- Development stakeholders have a vision and development and diversification plans.
- Development and diversification initiatives and projects are implemented in the community or region.
- Target groups participate in their community's economy (in particular, official language minority communities).

Development of the local milieu

- Individuals wishing to go into business have access to direct, adapted support in entrepreneurship.
- SMEs (of local and regional scope) are created.
- SMEs (of local and regional scope) develop and consolidate.

Attractive milieus

- Tourism development stakeholders have structured themselves and built a plan for development and commercialization of their tourism offering.
- The tourism offering is enhanced, increasing the number of tourists from outside Quebec.
- Commercialization activities are implemented, increasing the number of tourists from outside Quebec.
- Growth-generating projects are implemented, increasing the number of tourists from outside Quebec.
- Communities evolve in a process enabling them to have at their disposal assets with attraction potential.
- Communities have collective facilities to increase or consolidate their economic development.

3.1.2 Program activity: *Infrastructure*

Improving the quality of life in cities and communities is one of the Government of Canada's main priorities. In conjunction with the provinces, territories and municipalities, as well as First Nations and the private sector, the Government of Canada has implemented different joint infrastructure programs. The Department of Transport, Infrastructure and Communities has Canada-wide responsibility for these programs.

During 2008-2009, the Agency will continue to manage and administer the Canada-Quebec Agreement with respect to the Infrastructure Canada Program (ICP) and the Municipal Rural Infrastructure Fund (MRIF), whose envelopes are $515.5 million and $234.8 million, respectively. These two programs are managed in partnership with the Government of Quebec.

Added to these two programs is the management of the Canada Strategic Infrastructure Fund (CSIF), a program that provides funding for projects with minimum eligible costs of $75 million. In that regard, the Agency is responsible for managing all aspects of the project agreement for the Development of Versant Soleil and Versant Nord at Mont Tremblant Resort, for which the federal contribution is $47.5 million. Two other projects will be added during the fiscal year, namely, the Remedial action plan for the St. Charles River and revitalization of the waterfront in Québec, for which the federal contribution is $36.5 million, and the Upgrade of City of Montréal potable water production plants at Atwater and Charles-J.-Des Baillets, for which the federal contribution is $58.5 million.

Furthermore, in its 2007 budget, the Government of Canada unveiled its Building Canada infrastructure plan, with $33 billion in funding to build a stronger, safer and better Canada. In that perspective, the new Building Canada Fund includes Canada-wide investments worth $8.8 billion over seven years in such infrastructure categories as the national highway network, public transit, cleaner water and wastewater treatment infrastructure. This investment will help support major strategic projects as well as smaller-scale municipal projects. During 2008-2009, the Agency's role under this program will be clarified to have a better idea of its level of intervention with respect to this new program that represents a priority for the Government of Canada.

The *Infrastructure* program activity has three objectives:

- Water quality: fostering the availability of drinking water and better wastewater management systems.
- Highways and public transit: facilitating the safe, efficient movement of individuals and goods, and combating congestion and reducing pollution.
- Assets with urban or regional economic impact: fostering the development of tourism infrastructure and communities' cultural and recreational facilities.

GRANT AND CONTRIBUTION PROGRAMS

	Grants and contributions *(in thousands of dollars)*			Operations			FTE
Program activity architecture	**2008-2009**	**2009-2010**	**2010-2011**	**2008-2009**	**2009-2010**	**2010-2011**	**2008-2009**
Strategic outcome #1: *Vitality of communities* Program activity: *Infrastructure*							
Infrastructure Canada Program	*24,448*	—	—	—	—	—	—
Total	*24,448*	—	—	*2,602*	*2,195*	*1,409*	22

Note: The number of FTEs and planned operating expenditures concern management of the MRIF as well as CSIF projects. The Agency acts as the agent for the Department of Transport, Infrastructure and Communities, which is responsible for the program.

Strategic result #1: *Vitality of communities*
Program activity: *Infrastructure*
— Planned immediate outcomes —

Water quality

- Municipalities have quality drinking water available.

Highways and public transit

- Cities and municipalities benefit from safe transportation infrastructure and contribute to reducing congestion and pollution.

Assets with urban or regional economic impact

- Maintenance and renewal of assets improve communities' economic activity base.

3.1.3 Program activity: *Special intervention measures*

The Agency does not have funds dedicated to this program activity. This activity would enable the Agency to come to the assistance of communities or regions facing significant economic shocks, such as the closing of plants in an industrial sector, or natural disasters (flooding in the Saguenay, ice storm in Montréal and the Montérégie).

3.2 Strategic outcome #2: *Competitiveness of small- and medium-sized enterprises (SMEs) and regions*

This second strategic outcome reinforces conditions conducive to the sustainable growth of regions and SMEs. The Agency pursues three objectives with respect to this strategic outcome in order to achieve tangible, measurable results:

- helping enterprises improve their performance, become more competitive and engage in more innovation to facilitate their sustainable development
- supporting the transfer of technology and research outputs to enterprises
- creating the right conditions to attract foreign investment and international organizations.

	Grants and contributions			Operations (*in thousands of dollars*)			Totals – Planned spending			FTE
Program activity architecture	2008-2009	2009-2010	2010-2011	2008-2009	2009-2010	2010-2011	2008-2009	2009-2010	2010-2011	2008-2009
Strategic outcome #2: *Competitiveness of small- and medium-sized enterprises (SMEs) and regions*										
Competitiveness of enterprises (SMEs)	*67,763*	*61,096*	*55,567*	*12,353*	*10,490*	*9,477*	*80,116*	*71,586*	*65,044*	103
Competitive positioning of regions	*38,266*	*38,957*	*37,046*	*6,524*	*6,524*	*6,096*	*44,790*	*45,481*	*43,142*	54
Total	*106,029*	*100,053*	*92,613*	*18,877*	*17,014*	*15,573*	*124,906*	*117,067*	*108,186*	157

Two program activities support this strategic outcome:

- *Competitiveness of enterprises (SMEs):* fostering the competitiveness of SMEs by increasing their capacity to innovate, adopt leading-edge technologies and develop markets.
- *Competitive positioning of regions:* fostering regions' competitive positioning by developing and consolidating recognized competitiveness poles in Quebec and Canada and attracting foreign investment and international organizations.

3.2.1 Program activity: *Competitiveness of enterprises (SMEs)*

This program activity enables enterprises to be high-performance and competitive by increasing productivity, earned income and the number of jobs in the regions. This helps generate conditions conducive to sustainable growth. Two objectives support this program activity:

- Development of the skills of potentially innovative or highly innovative enterprises (SMEs): fostering an increase in strategic skills with respect to management, innovation, adoption of advanced technology, market development and integration with globalized production chains; fostering support for organizations dedicated to improving SMEs' strategic skills; and facilitating the structuring of clusters in order to enhance SMEs' performance and facilitate their adjustment.
- Development of strategic enterprises: supporting the establishment and initial expansion phases of enterprises in economic activities deemed strategic for a region's development.

DEFINITIONS

Potentially innovative SME

An enterprise in the primary, manufacturing or service sector that has introduced innovative processes or products. It generally invests less than 3% of its sales in R&D.

Highly innovative SME

An enterprise in which technology plays a key role. It generally invests more than 3% of its revenue in formal R&D activities, often on an ongoing basis.

GRANT AND CONTRIBUTION PROGRAMS

Program activity architecture	Grants and contributions (in thousands of dollars) 2008-2009	2009-2010	2010-2011	Operations[1] (in thousands of dollars) 2008-2009	2009-2010	2010-2011	FTE 2008-2009
Strategic outcome #2: *Competitiveness of small- and medium-sized enterprises (SMEs) and regions* **Program activity: *Competitiveness of enterprises (SMEs)***							
Business and Regional Growth program	*65,060*	*58,433*	*52,904*	—	—	—	—
Canadian Apparel and Textile Industries Program	*2,703*	*2,663*	*2,663*	—	—	—	—
Total	*67,763*	*61,096*	*55,567*	*12,353*	*10,490*	*9,477*	103

Note:

1 Since operating expenditures originate from several sources, they are not broken down by programs.

Strategic outcome #2: *Competitiveness of small- and medium-sized enterprises (SMEs) and regions*
Program activity: *Competitiveness of enterprises (SMEs)*
— Planned immediate outcomes —

Development of enterprises' skills

- Enterprises and entrepreneurs have general information on government programs and services.
- Entrepreneurs are equipped to enhance their decision-making concerning the future of their enterprises.
- Enterprises are engaged in a process of improving their capability to develop markets.
- Enterprises have better market development capability and opportunities.
- Enterprises have a service offering in market development which contributes to increasing their international sales.
- Innovative enterprises are engaged in a process of enhancing their R&D and innovation management capability.
- Innovative enterprises increase and commercialize their in-house R&D and product and process innovation activities.
- Enterprises have an effective service offering which contributes to the increase and commercialization of their in-house R&D and innovation activities.
- Enterprises are engaged in a process of enhancing management of their production, supply and distribution logistics.
- Enterprises improve their management of the value chain and increase their productivity (and sales) through the adoption of technology and new processes or the acquisition of new equipment.
- Enterprises have an effective service offering which contributes to improving their management of the value chain, the adoption of technology and new processes and the acquisition of new equipment.

Development of strategic enterprises

- Innovative enterprises are established.
- The investment made has a major impact on job creation and supported enterprises' sales.

3.2.2 Program activity: *Competitive positioning of regions*

Concerning this program activity, the Agency intends to improve the regions' international competitiveness by enhancing their knowledge and competitive advantages on the international stage. It has two objectives:

- Competitiveness poles: developing and consolidating regional competitiveness poles and national- and international-calibre poles of excellence. To achieve this, the Agency intends to foster innovation and networking of knowledge players, sustain development of a critical mass of knowledge and support technology enhancement and transfer.
- International promotion: enhancing the international competitiveness of Quebec regions. To that end, the Agency plans to favour the integrated promotion of locational factors, attraction of foreign direct investment and reinvestment by foreign enterprises already established in Quebec.

GRANT AND CONTRIBUTION PROGRAMS

	Grants and contributions *(in thousands of dollars)*			Operations[1]			FTE
Program activity architecture	**2008-2009**	**2009-2010**	**2010-2011**	**2008-2009**	**2009-2010**	**2010-2011**	**2008-2009**
Strategic outcome #2: ***Competitiveness of small- and medium-sized enterprises (SMEs) and regions*** **Program activity:** ***Competitive positioning of regions***							
Business and Regional Growth program	*38,266*	*38,957*	*37,046*	—	—	—	—
Total	*38,266*	*38,957*	*37,046*	*6,524*	*6,524*	*6,096*	54

Note:

1 Since operating expenditures originate from several sources, they are not broken down by programs.

Strategic outcome #2: ***Competitiveness of small- and medium-sized enterprises (SMEs) and regions***
Program activity: ***Competitive positioning of regions***
— Planned immediate outcomes —

Competitiveness poles

- Enterprises and other organizations in the same sector or region are networked, and implement a shared development plan.
- Enterprises are integrated with sectoral or regional supply chains through their participation in the activities of networks or clusters.
- Applied research conducted with enterprises is intensified.
- Research outcomes are transferred to enterprises.
- Services and technology transfer offerings meet enterprises' needs.

International promotion

- Plans are drawn up for enhancing locational factors, in conjunction with partners from Quebec and Canada.
- International organizations are attracted to and set up in Quebec.

3.3 Strategic outcome #3: *Policy, representation and cooperation*

The Agency's efforts in policy development, representation and cooperation will enable Quebec's regions and communities to benefit from federal policies, programs and initiatives that reinforce the economic development of Quebec's regions by reflecting government priorities and the realities of Quebec's regions and reinforcing the added value of federal action regarding regional development.

A single program activity supports this strategic outcome:

- *Policies, programs and initiatives:* strengthening the Agency's ability to develop or help formulate policies, programs and initiatives to meet more effectively the needs of Quebec's regions and reinforce the timeliness of federal regional development activities in Quebec.

3.3.1 Program activity: *Policies, programs and initiatives*

This program activity enables Quebec's regions and communities to benefit from adapted, coherent and effective federal action that generates socio-economic spinoffs, notably by producing and disseminating regional economic development knowledge that is helpful for development stakeholders and by grasping business and development opportunities.

Three objectives underpin this program activity:

- Research and strategic analysis: reinforcing research and analysis capabilities which enable organizations and development stakeholders to have helpful knowledge available to them concerning new trends, issues and challenges in development. The Regional Development Research program supports this objective.
- Representation and influence: representing the Agency proactively on regional development issues so that the realities of Quebec's regions are taken into account in the government decision-making process, and influencing other federal institutions so that their policies, programs and initiatives have positive economic spinoffs in Quebec.
- Cooperation and collaboration: exploring cooperative action with non-federal government organizations and development stakeholders and developing collaborative action with federal government bodies.

GRANT AND CONTRIBUTION PROGRAMS

	Grants and contributions			Operations			FTE
	(in thousands of dollars)						
Program activity architecture	**2008-2009**	**2009-2010**	**2010-2011**	**2008-2009**	**2009-2010**	**2010-2011**	**2008-2009**
Strategic outcome #3: *Policy, representation and cooperation*							
Program activity: *Policies, programs and initiatives*							
Regional Development Research program	*950*	*950*	*950*	—	—	—	—
Total	*950*	*950*	*950*	*5,931*	*5,931*	*5,858*	*49*

Note: The number of FTEs and planned operating expenditures include, in addition to management of grant and contribution projects, activities involving consultation, guidance, and transfer and sharing of knowledge generated by research, representation and influence activities, and cooperative and collaborative activities.

Strategic outcome #3: *Policy, representation and cooperation*
Program activity: *Policies, programs and initiatives*
— Planned immediate outcomes —

Research and strategic analysis

- Knowledge is produced for economic and regional development stakeholders.
- This new knowledge is transferred.
- Development experts and organizations decide to work together in networks.

Representation and influence

- The realities of Quebec's regions are reflected in the government decision-making process.
- Quebec communities and regions are sensitized to federal priorities and action in Quebec.

Cooperation and collaboration

- The Agency has collaborated with federal government bodies and development stakeholders.
- The Agency has explored cooperative action with non-federal government organizations.

4 ADDITIONAL INFORMATION

4.1 Agency Link to the Government of Canada Outcomes

Program activities	Expected end results	Planned spending (in thousands of dollars) 2008-2009	2009-2010	2010-2011	Alignment to Government of Canada outcome area
Strategic outcome #1: ***Vitality of communities***					
Development of communities	▪ Development initiatives and projects generate socio-economic spinoffs within communities. ▪ Communities benefit from enterprises that generate jobs and wealth, thus leading to diversification of the economic fabric. ▪ Communities are attractive, tangibly drawing and retaining tourists and skilled individuals.	*128,550*	*108,633*	*101,709*	**Strong economic growth**
Infrastructure	▪ Rural and urban communities have quality public infrastructure.	*27,050*	*2,195*	*1,409*	
Special intervention measures		—	—	—	
Strategic outcome #2: ***Competitiveness of small- and medium-sized enterprises (SMEs) and regions***					
Competitiveness of enterprises (SMEs)	▪ Enterprises are high-performance and competitive.	*80,116*	*71,586*	*65,044*	**Strong economic growth**
Competitive positioning of regions	▪ Competitive regions and poles contribute to enhancing Canada's competitive positioning.	*44,790*	*45,481*	*43,142*	

Continued on page 42

Program activities	Expected end results	Planned spending *(in thousands of dollars)* 2008-2009	2009-2010	2010-2011	Alignment to Government of Canada outcome area
Strategic outcome #3: ***Policy, representation and cooperation***					
Policies, programs and initiatives	▪ Quebec communities and regions benefit from adapted, coherent and effective federal action that generates socio-economic spinoffs, and Quebec communities and regions grasp business and development opportunities.	*6,881*	*6,881*	*6,808*	Strong economic growth
Total		*287,387*	*234,776*	*218,112*	

4.2 Agency's Sustainable Development Strategy (SDS)

Agency's governance goal:
Reinforce governance and decision-making to support sustainable development.

Federal government goal	Performance measurement	Agency's anticipated results for 2008-2009
▪ sustainable communities	▪ review of departmental commitments contained in the plans ▪ annual plan for monitoring the commitments of the fourth SDS approved by senior management as well as progress of results.	▪ SDS commitments are integrated in decision-making processes as early as the planning stage. ▪ Clear, effective governance mechanisms integrate sustainable development in the decision-making process.

Agency's empowerment goal:
Continue empowering personnel with respect to sustainable development.

	Performance measurement	Agency's anticipated results for 2008-2009
	▪ implementation of a diagnostic tool in business offices ▪ staff participation in training sessions ▪ survey on satisfaction concerning timeliness of training ▪ compilation of information on sustainable development.	▪ A sustainable development diagnostic tool will be set up in business offices by 2010. ▪ Agency managers and personnel have a common understanding of the concept of sustainable development, they are sensitized to the commitments made in the Agency's fourth SDS, and they are aware of the memorandums of understanding with partners. ▪ Information on sustainable development is accessible within the Agency.

Continued on page 43

Agency's Sustainable Development Strategy (SDS) (Continued)

Agency's *Vitality of communities* goal[1]:
Support communities so they contribute to a prosperous, sustainable economy.

Federal government goals	Performance measurement	Agency's anticipated results for 2008-2009
▪ clean air ▪ reduce greenhouse gas emissions ▪ sustainable development and use of natural resources ▪ governance for sustainable development.	▪ number of communities sensitized and number of plans taking sustainable development into account ▪ number of sustainable development initiatives and projects carried out in communities ▪ case study conducted to identify more accurately the impact of initiatives or projects on communities' development ▪ number of projects and activities supporting green entrepreneurship ▪ number of tourism projects that take sustainable development into account.	▪ Communities are sensitized and mobilized, and they have set out a vision and drawn up development and diversification plans which take sustainable development principles into account. ▪ Sustainable development initiatives and projects are carried out in communities. ▪ Green entrepreneurship is supported. ▪ Communities benefit from tourism projects that take sustainable development into account.

Agency's *Competitiveness of small- and medium-sized enterprises (SMEs) and regions* goal[1]:
Contribute to enhancing the performance of Quebec SMEs and regions with respect to sustainable development.

Federal government goals	Performance measurement	Agency's anticipated results for 2008-2009
▪ clean air ▪ reduce greenhouse gas emissions ▪ sustainable development and use of natural resources.	▪ number of products, services and environmental technologies commercialized.	▪ Enterprises have better strategic capability for grasping green business opportunities and enjoy enhanced environmental performance. ▪ Enterprises are engaged in a process of enhancement of strategic capabilities in line with the principles of sustainable development and energy efficiency. ▪ Eco-friendly products and services and environmental technologies stemming from R&D are commercialized.

Note:

1 The Agency's SDS has been amended to reflect the new guideline on NPOs.

Information on the Agency's SDS:

www.dec-ced.gc.ca/Complements/Publications/Strategie-EN/SDD_2007-2010/tdm.html

4.3 Tables in electronic format posted on the Treasury Board Secretariat Web site

The following tables can only be found on the Treasury Board Secretariat Web site:

- 4.3.1 Details on transfer payment programs (grants, contributions and other transfer payments)
- 4.3.2 Evaluations
- 4.3.3 Green procurement
- 4.3.4 Internal audits
- 4.3.5 Services received without charge
- 4.3.6 Sources of non-respendable revenue

Information:
www.tbs-sct.gc.ca/est-pre/20082009/p3a_e.asp.

4.4 Performance measurement strategy

4.4.1 Five-year strategy

The performance measurement strategy applied at the Agency is based on the systematic observation of outcome indicators identified in its 2007 performance measurement framework. These indicators will be used to conduct ongoing measurement of targeted outcomes and provide material for the Agency's strategic decision-making during Fiscal Year 2008-2009.

Among the indicators that will be tracked are both output (activity) indicators and outcome indicators.

Owing to their nature, anticipated outcomes will occur over a relatively long period possibly over five years. Most will not be observable in the year in which disbursement is made. For instance, it is only after two years that an enterprise's expected increase in sales fully materialize following an investment carried out with Agency assistance.

That is why the Agency's performance measurement strategy is spread over a five-year horizon and why the yearly performance measurement reports will, in the initial years, be limited to outputs, immediate outcomes and intermediate outcomes. This year being Year 1 for the new programs, the data on intermediate outcomes that will appear in the *Departmental Performance Report for the period ending March 31, 2008* will be of a partial nature.

4.4.2 Continuous improvement

The Agency paid special attention in 2007-2008 to improving the quality of its data on performance. In particular, it identified data collection methods better geared to promoters' capabilities and its needs and defined consistent data sources for each indicator.

These methods are applied to projects approved since April 1, 2007. They cannot be systematically applied to other active projects approved under the old programs on the basis of different planned results.

4.5 Agency tools and programs

To promote the development and economic diversification of the regions of Quebec and achieve the outcomes from its six program activities as described in section 3, the Agency utilizes and makes available to its promoters an array of tools and programs which enable it to intervene with respect to regional development.

4.5.1 Agency intervention tools

With respect to programs and services, the Agency deploys to promoters various intervention tools consisting primarily of guidance and advice, information and referrals, and financial assistance.

Guidance and advice

For the Agency, guidance and advice involve helping entrepreneurs and local and regional development agents design and develop directions, a strategy, a business plan, an action plan or a project, or helping them plan a financial package, identify funding sources, and so on. At the Agency, advice or guidance provided by a staff member are services delivered to an entrepreneur or local development agent on an individual basis, geared to his specific situation. Provision of advice takes place as needed. A guidance approach constitutes systematic, sustained, prolonged assistance, at various stages along the promoter's path toward design and implementation of his project.

Information and referrals

The Agency produces timely information so entrepreneurs and local and regional development agents may reach informed decisions, and it makes this information more easily accessible and usable. This also involves referring them to resources

likely to provide a timely, appropriate response to their specific needs. In this regard, the Agency relies on Canada Business Service Centres operating in Quebec, namely, *Info Entrepreneurs* in Montréal and *Ressources Entreprises* in Québec, for Eastern Quebec. These organizations deliver information, referral and reference material services to entrepreneurs and local and regional development agents in Quebec.

Financial assistance

The Agency has several programs and services whereby it makes both repayable and non-repayable contributions and, in exceptional cases, grants to SMEs, organizations that assist them, and communities.

4.5.2 Agency programs

CORE MANDATE

Regular programming

- Community Diversification program
- Business and Regional Growth program
- Community Futures Program (CFP)
- Regional Development Research program

SPECIAL MANDATES

Programs under mandates from the Government of Canada

- Infrastructure Canada Program – Canada-Quebec Agreement 2000
- Canadian Apparel and Textile Industries Program

Regular programs

Community Diversification program

This program helps Quebec regions maintain and develop their economic activity base. A community's vitality depends on its ability to develop, grow and thrive by building on its own assets.

In effect from April 1, 2007 to March 31, 2012, this program has three objectives:

- fostering communities' development and increasing their mobilization by drawing up visions and projects of local and regional scope
- assisting communities through support for entrepreneurship and through creation or maintenance of viable enterprises
- increasing communities' capability to attract tourists and skilled individuals.

Information:
http://www.dec-ced.gc.ca/asp/ProgrammesServices/Prog_Diversif_Collect.asp?LANG=EN

Business and Regional Growth program

This program reinforces the conditions conducive to the sustainable development of regions and SMEs. In effect from April 1, 2007 to March 31, 2012, it is aimed at:

- helping enterprises improve their performance, become more competitive and engage in more innovation to facilitate their sustainable development
- supporting the transfer of technology and research outputs to enterprises
- creating the right conditions to attract foreign investment and international organizations.

Information:
http://www.dec-ced.gc.ca/asp/ProgrammesServices/Prog_Crois_Entr_Region.asp?LANG=EN

Community Futures Program

This Canada-wide program provides support for communities in all parts of the country to help them take charge of their own local economic development. In Quebec, the CFP financially supports 57 Community Futures Development Corporations, as well as 15 Community Economic Development Corporations and 10 Business Development Centres.

Information:
http://www.dec-ced.gc.ca/asp/ProgrammesServices/Prog_pdc.asp?LANG=EN

Regional Development Research program

This program contributes to promoting the development and diversification of the economy of the regions of Quebec. Its goal is to generate and disseminate helpful knowledge concerning economic and regional development for development stakeholders. This knowledge reinforces their ability to act on development and participate in an enlightened manner in an ongoing dialogue concerning economic and regional development issues and problems.

Programs under mandates from the Government of Canada

Infrastructure Canada Program - Canada-Quebec Agreement 2000

Within the framework of the pan-Canadian Infrastructure Program under Treasury Board Secretariat responsibility, a Canada-Quebec Agreement was signed in October 2000. The objective of this agreement was to upgrade urban and rural municipal infrastructure in the province and improve Quebecers' quality of life. The Agency acts on behalf of the Government of Canada as the federal department responsible for implementation in Quebec. This agreement was amended in July 2005 to postpone to March 31, 2009 the deadline for disbursements under the ICP. Since December 2005, under the terms of the agreement, no more new projects may be approved under the program.

Information:
http://www.dec-ced.gc.ca/asp/ProgrammesServices/Prog_infra.asp?LANG=EN

Canadian Apparel and Textile Industries Program

This program is intended to reinforce the competitiveness of textile manufacturing firms, by helping them:

- improve their productivity
- lower their costs
- increase their efficiency
- diversify their output toward high value-added products in growing niche markets.

Program implementation is handled by the Agency in Quebec and by Industry Canada in the other provinces. This program terminates on March 31, 2010.

Information:
http://www.dec-ced.gc.ca/asp/ProgrammesServices/Prog_cantex.asp?LANG=EN

5 APPENDICES

5.1 List of acronyms

CFP	Community Futures Program
CSIF	Canada Strategic Infrastructure Fund
FTE	Full-time equivalent
ICP	Infrastructure Canada Program
MAF	*Management Accountability Framework*
MRIF	Municipal Rural Infrastructure Fund
NPO	Non-profit organization
PAA	Program Activity Architecture
RBM	Results-based management
RCM	Regional County Municipality
R&D	Research and development
RPP	Report on Plans and Priorities
SDS	Sustainable Development Strategy
SME	Small- and medium-sized enterprises
TBS	Treasury Board Secretariat

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